

Encounter Finances, updated April 2017

This information pertains to all Marriage Encounters. A **Summary** of this is available for use at Encounters by Admin.

What is the \$100 Registration Fee for?

It applies for attendance and covers the programming costs of the event; that is usually a sufficient answer for someone who asks. If pressed for details, it includes the presenters' food/lodging/travel, materials, equipment, A/V & conference room fees, etc. According to the Redmans (NAR Finance Couple), \$100 per participant couple on average covers those immediate programming expenses. The Registration Fee is NOT included in the Recommended Contribution.

Is the Registration Fee tax deductible?

The NAR Board concludes (after consulting tax preparation professionals) that the registration fee of \$100 is NOT deductible as a charitable contribution for two reasons:

1. We do not want to devalue the direct personal benefit of an Encounter in the eyes of the couples. We are not just giving them, for example, a relaxing weekend at a nice hotel. What we offer is a marriage-changing ministry that will benefit them far longer and more deeply than any "material" benefit they received. Direct benefits are not only the material ones. The "tools" we impart to participants are just as real as notebooks & pens and infinitely more valuable. Education is expensive and often costs far more than the dorm & cafeteria fees!
2. Of course many tax preparers will advise their clients to claim any deduction that is conceivable until the IRS disallows it. However, what is standard practice? When we go to professional or church conferences/seminars, we pay for more than food & lodging. In addition, we pay a registration or conference fee that pays for the cost of bringing in speakers/presenters, etc. Never is that deductible as a charitable donation. Perhaps deductible as a professional expense if the event pertains to your profession, but not as a charitable contribution.

How do we calculate the Recommended Contribution (formerly Weekend Quote)?

The cost of each **participant couple's food & lodging** (rounded UP to the nearest \$5 increment) + **\$150** for the continuation of our ministry = the Recommended Contribution. (Obviously, facility costs paid privately by couples would not be included.) The Redmans based the \$150 on actual administrative expenses needed to continue LME ministry. Please make it clear that the \$100 Registration Fee is NOT to be subtracted from the Recommended Contribution.

What is tax deductible in the Recommended Contribution?

Only the \$150 for the ongoing ministry portion of the Recommended Contribution may be tax deductible. The Registration Fee (as explained above) and the couples' food & lodging rounded up to nearest \$5 are non-deductible direct benefits.

What portion of a participant Couple's actual Contribution is tax-deductible?

Any amount given in excess of both the Registration Fee (\$100) and the cost of food & lodging rounded up to the nearest \$5 (which cost changes from place to place) may be tax deductible.

Do we have to say anything in LOC VII about tax-deductibility and the Fair Market Value of the Encounter?

No, there's no reason for it and would only unnecessarily complicate what we have to say as we motivate the couples to experience the joy of generosity and the blessing it will bring to other couples. The IRS compliant explanatory slip in the Contribution Envelope tells them what they need to know (see wording below).

The Redmans also send a thank you letter including a report/receipt to all couples who give above the Fair Market Value of their Encounter. The report indicates the total amount given, minus the FMV of the direct benefits they received, leaving the net balance that may be tax deductible as a charitable donation. This is the documentation couples need for tax preparation.

Text for slip in Contribution Envelope: ***Lutheran Marriage Encounter is registered as a public charity under the IRS Code 501 (c) (3), and therefore donations above the cost of direct benefits such as conference programming expenses and your room and meals may be deductible as a charitable donation on Federal tax returns. Any couple who donates above the cost of their direct benefits will receive a notice in January of the following year identifying the fair market value of direct benefits and the deductible portion of their donation. If you have other questions, you may contact our North American Finance Couple at narfinancecouple@gmail.com or consult your tax advisor.***

The Recommended Contribution is _____ Date of Weekend/Encounter _____

Ed & Emily and Stephen & Sue
NAR Executive Couples

Dean & Marcia Redman
NAR Finance Couple